



Department of Justice

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JUSTICE DEPARTMENT APPROVES PLAN BY NATIONAL ASSOCIATION OF MANUFACTURERS TO SET UP PLAN TO RESOLVE YEAR 2000 ISSUES

WASHINGTON, D.C. -- In a step designed to assist a broad segment of the private sector in resolving Year 2000 computer issues, the Department of Justice today approved a proposal by the National Association of Manufacturers (NAM) to let its members and their computer services suppliers discuss and exchange information on the issues.

The Department's Antitrust Division approved the private sector information-sharing proposals after being asked by NAM to consider their competitive implications. The Department concluded that an exchange program, limited to information about the existence of and remedies for Year 2000 computer conversion problems, would not pose competitive risks.

The Department also said that the information exchanges might even have procompetitive effects by reducing costs and/or speeding up resolution of Year 2000 issues.

The Department's position was stated in a business review letter issued by Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division.

NAM is the nation's oldest and largest broad-based industrial trade association. Its nearly 14,000 member companies and subsidiaries, including 10,000 small manufacturers, employ about 85 percent of all manufacturing workers and produce more than 80 percent of the nation's manufactured goods. More than 158,000 additional businesses are affiliated with the NAM through its Associations Council and National Industrial Council.

Many firms utilize computer systems designed with software programmed to operate with data fields that use two digits to indicate a given year. As a consequence, on January 1, 2000 these computer programs may interpret the double zero as either the year 1900 or zero rather than the year 2000, and as a result fail to function properly. There is a concern that, unless remedied, the Year 2000 issue could cause a breakdown in many computerized information systems utilized in various U.S. industries. Similar concerns have been expressed with respect to certain governmental activities. Indeed, the President has established a Council on the Year 2000 Conversion to encourage governmental agencies and private industry to take the steps necessary to resolve potential Year 2000 conversion issues in advance of January 1, 2000.

NAM is in the process of building an internet web site with a directory of companies and their Year 2000 information. All information relating to Year 2000 problems and solutions will be maintained on the web sites of participating companies and organizations, and will be linked through NAM's central directory and search engine. The information on the company or organizational web sites linked to the NAM directory will consist of a variety of possible materials. Some will identify hardware,

software or other products that are believed to be "Year 2000 compliant." Others will identify items that clearly are not compliant, or that may not be ready by January 1, 2000.

Under this internet-based program, companies in a wide variety of industries will be able to review the Year 2000 information of their competitors, suppliers and customers. Information made available to interested persons through the NAM directory will be available for downloading or printing, and it is expected that such information will be distributed individually from company to company and through group or association distributions.

NAM intends to keep its directory as open as possible to create a data base with web site information relating to Year 2000 compliance from all types of companies. NAM membership will not be a condition of access to the Year 2000 information. Vendors whose products or services are discussed on linked web sites will have the opportunity to provide their own perspective on their own web sites, which will also be linked to the NAM directory. NAM will have no control over the extent to which information placed on its Year 2000 web site will be shared by and among companies, organizations or members of the public. NAM hopes that this free dissemination of their Year 2000 problems.

NAM also hopes to promote non-internet exchanges of Year 2000 information on a bilateral, or company-to-company basis. It suggests that this type of bilateral information sharing is most important for companies that are not linked to the Internet or that are not proficient in its use or the use of the NAM directory. It believes that a substantial number of companies, particularly small and medium sized manufacturers,

do not have the time or resources to be fully integrated with Internet communications, and will have to rely on other communications methods that are not as easily distributable to large groups of people.

“Based on the information provided to us by NAM and the nature of the information to be exchanged, i.e., related solely to Year 2000 computer conversion issues, the Department does not believe the proposed conduct will have anticompetitive effects,” Klein noted. He added that while “the Department would be concerned if parties, under the guise of a Year 2000 remedial program, exchange price or other competitively-sensitive information, agreed not to compete for particular business, agreed not to deal with certain suppliers or entered into other anticompetitive agreements, . . . such potentially anticompetitive actions are not necessary to any. The Department concluded, “that information exchanges that are limited to identifying and remedying Year 2000 computer transition problems either in general or in relation to specific hardware or software are not likely to be anticompetitive because such limited information exchanges should not reduce price or innovation rivalry, or lessen competition in the procurement of computers or computer services.”

Finally, Klein observed that it is “possible that information exchanges limited to identifying and/or remedying Year 2000 conversion problems could be procompetitive. If there is insufficient time and/or skilled personnel to enable many firms to remedy their Year 2000 computer conversion problems in a timely manner, information exchanges such as those that NAM proposes could increase output by reducing redundant efforts and fostering more efficient prioritization of the remedial work that must be done.”

Under the Department's business review procedure, a person or organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division will challenge the activity as a violation of federal antitrust laws.

A file containing the business review request and the Department's response may be examined in the Antitrust Documents Group, Suite 215, Liberty Place, 325 7th Street, N.W., Washington, D.C. 20530. After a 30-day waiting period, the document supporting the business review will be added to the file.

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